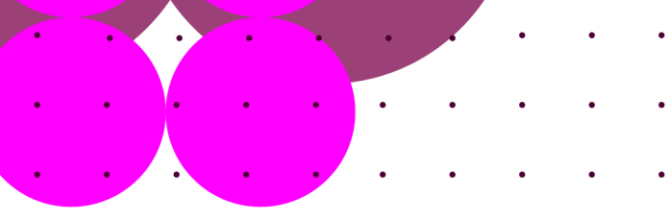


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STC Modification Proposal Form		
<h1>CM0104: Due Date for Monthly Payments to Transmission Operators (TOs)</h1> <p><b>Overview:</b> Minor change to due dates for monthly payments to TOs, to ensure there is always one business day between the payments received by National Energy System Operator (NESO) from Connection and Use of System Code (CUSC) users for Transmission Network Use of System (TNUoS) and Connection Charges and the payments made by NESO to TOs for general system charges and site specific charges.</p>		<h2>Modification process &amp; timetable</h2> <ol style="list-style-type: none"> <li><b>Proposal Form</b> 03 October 2025</li> <li><b>Code Administrator Consultation</b> 04 November 2025 – 25 November 2025</li> <li><b>Draft Final Modification Report</b> 02 December 2025</li> <li><b>Final Modification Report / Appeals Window</b> 18 December 2025 – 08 January 2026</li> <li><b>Implementation</b> 01 April 2026</li> </ol>
<p><b>Status summary:</b> The Proposer has raised a modification and is seeking a decision from the Panel on the governance route to be taken.</p>		
<p><b>This modification is expected to have a: Low impact</b> on Transmission Owners</p>		
<p><b>Proposer's recommendation of governance route</b></p>		<p>Self-Governance modification to proceed to Code Administrator Consultation</p>
<p><b>Who can I talk to about the change?</b></p>	<p><b>Proposer:</b> Nick George <a href="mailto:nick.george@neso.energy">nick.george@neso.energy</a> 07973 915455</p>	<p><b>Code Administrator Contact:</b> <a href="mailto:stcteam@neso.energy">stcteam@neso.energy</a></p>



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## **What is the issue?**

The monthly payments to TOs for general system charges and site-specific charges are funded from the revenue that NESO receives from CUSC users for TNUoS and Connection Charges. The due date for NESO to make payments to TOs can fall on the same day that NESO receives the TNUoS and Connection Charge payments, causing cashflow timing problems for NESO.

NESO used to be part of the National Grid group, so had the benefit of a larger balance sheet and roughly half the total TO payments were internal payments within the group. NESO is now an independent, government owned entity, which has a relatively low working capital facility.

The due date for TNUoS and Connection Charge payments under CUSC is the 15<sup>th</sup> day of the month and if this is not a Business Day, it rolls to the next Business Day. A large proportion of the CUSC payments are received on the due date.

System Operator Transmission Owner Code (STC) Section E defines the due date for monthly payments as the 16<sup>th</sup> day of the month and if this is not a Business Day, it rolls to the next Business Day.

Therefore, where the 15<sup>th</sup> day of the month is not a Business Day, the due dates under CUSC and STC Section E fall on the same day.

There is a further issue that STCP 13-1 is inconsistent with STC Section E. STCP 13-1 defines the due date as the 15<sup>th</sup> day of the month and if this is not a Business Day, it rolls to the next Business Day.

There is a provision in STC that where there is a conflict between the main body of STC and a STCP, the main body prevails. Despite this, NESO historically paid on the 15<sup>th</sup> day, although that has become increasingly difficult and will be even more difficult as the level of TO payments are forecast to increase significantly in future years.

## **Why change?**

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The change will ensure there will always be one business day between the payment due dates under CUSC and STC and ensure that NESO has sufficient funds to make the TO payments.

## What is the Proposer's solution?

The due date for monthly payments under STC will be changed to the 2nd Business Day immediately following the 14th of the month. This will ensure there will always be one Business Day between the payment due dates under CUSC and STC.

### Draft Legal Text

The proposed changes to Section E are shown below:

4.3 The Company shall pay TO Charges and all other payments due under a TO Construction Agreement to Transmission Owners, in the following manner:

4.3.1 in the case of recurrent monthly TO Charges or other payments, on the later of:

4.3.1.1 the ~~10th 15th~~ day following the day that the Transmission Owner's invoice therefor was despatched; and

4.3.1.2 the **2nd Business Day immediately following the 14th** ~~16th~~ day of the month to which the invoiced TO Charges or other payments relate, unless, in any such case, such payment day is not a Business Day in which case payment shall be made on the next Business Day;

Note that the change to 10th day in 4.3.1.1 is to reflect that onshore TOs need to wait for NESO's notification of the amount to invoice before they can raise their invoice (as per STCP 13-1).

## What is the impact of this change?

This will benefit NESO by ensuring it has the cash in its bank account to make the TO payments on the due date. For TOs, it will result in payments being made a maximum of one Business Day later.

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Proposer's assessment against STC Objectives	
Relevant Objective	Identified impact
(a) efficient discharge of the obligations imposed upon Transmission Licensees by Transmission Licences and the Electricity Act 1989;	<b>Positive</b> It will ensure the NESO has the cash to pay TOs on the due date
(b) efficient discharge of the obligations imposed upon the <b>licensee</b> by the Electricity System Operator licence, the Energy Act 2023 and Electricity Act 1989;	<b>Positive</b> It will ensure the NESO has the cash to pay TOs on the due date
(c) development, maintenance, and operation of an efficient, economical, and coordinated system of electricity transmission;	<b>Neutral</b>
(d) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity;	<b>Neutral</b>
(e) protection of the security and quality of supply and safe operation of the National Electricity Transmission System insofar as it relates to interactions between Transmission Licensees and the <b>licensee*</b> ;	<b>Neutral</b>
(f) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC;	<b>Positive</b> It will ensure the NESO has the cash to pay TOs on the due date and remove the inconsistency between STC Section E and STCP13-1

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(g) facilitation of access to the National Electricity Transmission System for generation not yet connected to the National Electricity Transmission System or Distribution System; and	<b>Neutral</b>
(h) compliance with the Electricity Regulation and any Relevant Legally Binding Decisions of the European Commission and/or the Agency.	<b>Neutral</b>

\* See Electricity System Operator Licence

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Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories	
Stakeholder / consumer benefit categories	Identified impact
Improved safety and reliability of the system	Neutral
Lower bills than would otherwise be the case	Neutral
Benefits for society as a whole	Neutral
Reduced environmental damage	Neutral
Improved quality of service	Neutral

## When will this change take place?

### Implementation date:

1 April 2026

### Date decision required by

1 April 2026

### Implementation approach

From 1 April 2026, payments will be made to the TOs as per the revised dates.

### Proposer's justification for governance route

Governance route: Self-Governance modification to proceed to Code Administrator Consultation.

The solution is clearly defined with Legal Text, and the proposer believes it meets the Self Governance criteria for Panel decision.



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## Interactions

☐ Grid Code      ☐ BSC      ☐ CUSC      ☐ SQSS  
☐ European      ☒ Other      ☐ Other  
 Network Codes      modifications

Consequential proposal PM0150 is also being raised to amend STCP 13-1.

## Acronyms, key terms and reference material

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
CM	Code Modification
CUSC	Connection and Use of System Code
NESO	National Energy System Operator
PM	Procedure Modification
SQSS	Security and Quality of Supply Standards
STC	System Operator Transmission Owner Code
TNUoS	Transmission Network Use of System
TOs	Transmission Owners